SHRI SHANKAR ROY CHOWDHURY (West Bengal) : Not the hon. Prime Minister. He does not give any reply.

THE DEPUTY CHAIRMAN: He replies.

SHRI SHANKAR ROY CHOWDHURY: Madam, he has not replied. His office does not reply.

उपसभापति : मिनिस्टर साहब, अब आप रिप्लाई दे दीजिए । We can adjourn the House at 1.30 p.m. It does not mean that the Minister is going to speak for forty-five minutes. We can adjourn the House at 1.30 p.m. because, now, it is 12.45 p.m. and the Minister cannot reply in fifteen minutes. So, Mr. Arun Shourie.

Discussion on the working of the Ministry of Communications And Information Technology

THE MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY AND MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE): Madam, we had a very knowledgeable and constructive debate. Shri Nilotpal Basu set a tone right from the beginning and the suggestions and observations made are really an excellent supplement and they build upon important Reports which the Standing Committees have put forward, both on Telecommunications and on Information Technology. There also, many of the points are very well documented.

I took diligent notes and took a very long-time to go through each one of the points. Many suggestions were made. My friend, Mr. Siddiqui's suggested about reinventing our post office. And, General Chowdhury remarked about the reservation for Ex-Servicemen, education planning that we have made, aggressive marketing of the BSNL and the MTNL with a good marketing logos, on the need for publicizing the different facilities extended by post offices, and, on schemes that we have, an hon. Member was kind enough to say that our schemes are as good as any other schemes. Hon. Member, Shri Ashwani Kumar, had suggested that we should showcase our IT strengths in London, in Europe, and in China itself. These were very important suggestions. I would certainly be taking them up with my colleagues. Madam, similarly, information was sought on many other matters. I would go through each Member's speech, and convey that

information indirectly later on. If you give me more time, I will come to each one of them. There were some points, on which I can even respond just now, just as an illustration, Mr. Chavan made in one of the very important speeches, yesterday. He made a very telling reference to the fire that had taken place in the plant of Semi-conductor Ltd. General Chowdhury also mentioned it. He said that it was a foundation for our hardware industry, and it had occurred because of sabotage. Madam, what I understand is, the fire had taken place in 1989. And, General Chowdhury will remember a committee, headed by Major General, Mohiley, the former Director of the Defence Institute for Fire Research, had been set up. The committee had ruled out all sabotage possibilities, and had said that that had, probably, taken place because of a short circuit.

Similarly, Madam, there were some other points that had been made. I just take up one point made by Bairagiji just now in regard to the Meghdoot postcard. It is just how misconceptions come about. Here, this is a facility that is actually given to the sponsor, to the advertiser. He has to print a minimum of one lakh postcards. For each postcard he has to pay two rupees. And, then, where he will distribute them, where he will place them for distribution, is left to that sponsor. That is the scheme. So, the fact that they are not available at Parliament counter is no disrespect in any way. It is just the nature of that particular scheme. I am told that since yesterday, as an exception, in the case of the Parliament counter also these meghdoot cards will be available, with or without sanction of the sponsor. But these are small points.

My friend, Dr. Sarma, had made some important points regarding the North-East. I will be acting on those in many regards. He made very important suggestions. For instance, in regard to Meghdoot-type variety of observations, he was saying that the Home Minister had promised a National Register of Citizens. And, this had got delayed because the software had not been developed. Actually, it is not at all a matter of software. There are other reasons -- political reasons, reasons of the State Government, and others -- which have come in the way of compiling the National Register of Citizens. This has absolutely nothing to do with software. He also made a very important suggestion in regard to issuing of stamp in the memory Shri Jyoti Prasad Agarwal, one of the great figures of the North-East, and especially of Assam. He said that the Government should issue a stamp in 2003. Madam, this proposal had come up in the

year 2000, and, for some reasons, had been rejected by Philatelic Committee. But I assure the Member and the people of Assam and the North-East that the stamp will be issued. But, he will excuse me for this fact that it cannot be issued in 2003, because there is a calendar, and almost seventy stamps are to be issued in 2003. So, he will please pardon me. We will issue it in 2004, at the earliest opportunity available.

Madam, there were several other points that had been made. And, as I mentioned, on those specific points, I will be coming back to individual Members later on, and if time permits, I will come back here, today also. The main point, as was recognised by many colleagues, is that both these sectors -- and, I would also say about the postal sector -- have been sectors of very great achievement. And, even as we give suggestions or find particular points of weakness, we should always remember this particular fact that in the case of information technology, as the Annual Report shows, it is really a matter of great pride that the IT and electronic production is, now, almost worth rupees one lakh crores. Even in hardware, where we think that we are not making great progress, most Members would be surprised at the fact that the production, in the year ending March 31st, is of the order of about Rs. 37,000 crores. And much of this hardware production is not counted mainly because it is defence-related in many ways, in electronics and other systems. In software and software services, the receipts are now exceeding Rs. 60,000/-crores. The exports of IT and electronics are over Rs. 54,000/- crores, and they have been growing at a compound rate, for the last five years, by 42 per cent per year. That is really a remarkable achievement for our country. I will come to hardware, -- where we feel that we have completely missed the bus -- because it is a very important factor which we must strengthen, and the Government will devote time, energy and policies to it; some of which I will narrate. But, here also, we have competed against other countries, and, last year, our exports of hardware in electronics and in computer technology were over Rs. 6,600 crores. In software and software services, our exports now exceed Rs. 47,500/- crores. And these have grown in the last year itself; which was an year of recession all over the world; it was a year, as many Members mentioned, when there was a backlash to outsourcing in India. And, these have grown in this year by 30 per cent. So, it is a feature that we should be able to capitalize on. On IT enabled services, our exports are almost Rs. 12,000/- crores now, and, during the last year, it has grown by 65 per cent. And centres, which we don't associate with IT services like,

Gurgaon, have become great hubs. In the coming years, we will find that there will be a great potential in the North-East in respect of the IT enabled services. Madam, there is another feature in this. One is that this is a sector in which, whenever we go to an IT community, we find the achievements of the youth of India. When I visited the Infosys campus, I was very pleasantly surprised to learn that the average age of Infosys employees is 27 years. It is world-class company, and it is feared in the world for its energy, enterprise and acumen; and the average age of the employees there is 27 years only. The average age in the industry is between twenty-six-and-a-half and twenty-seven years. And the second thing to notice is that these entrepreneurs are completely new. It is a feature that we forget in India. We used to talk about the big industrial houses and so on, but you will not find them anywhere today. We used to talk about the Vivian Bose Inquiry Committee, and of the years of colleges. Those are not there. These are new entrepreneurs, who have made the perception of India itself change. A very important point was made by Shri Prithviraj Chavan, and other Members that we must, continually, move towards the higher-end of the software production. Madam, you had also made your observation regarding this. I think, that is a very important observation for the future because China and other countries, once they learn the English language, will catch up with the lower-end software. But, I want to suggest here that we should not be diffident even in this regard, and I will mention why. Madam, it is not a secret, Shri Shankar Roy Chowdhury knows this very well. If you take an organisation like, ISRO, it requires software all along. Naturally, we don't get it from any other country, and we are among the five countries in the world that can, today, put satellites in space. All that software has been developed in India by Government organisations and by private companies. Everybody who keeps talking of security, and so on, does not realise that, today, in India, we have a private sector which is as security conscious as in Government sector, which is as security conscious, and which is as much a partner in developing our new weapon system. Similarly, in the Missile Guidance System also, this has been done both in DRDO and outside, and it is being done in every other aspect of our weapon system, wherever software is being used. I had gone to Pune to inaugurate the fourth generation of our super computer, the Super Param, and in this case we are now, probably, among the five countries in the world that can put together computers of this size. And, our computer is installed in Moscow. It is being used for simulations on the Light Combat Aircraft; it is being used on other types of

weapon system simulations; it is being used for weather forecasting. Madam, all these are very complicated software models, but it has all been done here. Both for navigation and as General Sahib was reminding us, for instance, about precision bombing in Iraq, for that, the Geographical Information Systems are required. The GISs that are required for both these things, the software, has already been entirely developed in India. In telecom, the switching systems have been developed by C-DoT. These are both, hardware and high software solutions.

Madam, I, once, had gone to the IT park in Bangalore. When I was taken around in one of the firms -- it is an open floor office --the people were sitting in groups. What was this group doing? I hope I am not wrong, they told me "this is managing in real time the telephone exchange system of Brazil, not the accounts." But, if a fault occurs there, it is repaired by the software in real time now in Bangalore. It is that kind of achievement. These Nokia telephones that we carry, the designs of that -- it is not just software-- India is becoming one of the leaders in design technology -- are being made there. I had visited the other day, I am not allowed to reveal the name because they want to do it themselves, one of the very important software companies in the world. And, you will hear in the coming weeks a big announcement by them that they have found our software enterprises so good that they are going to relocate their entire R & D facilities or a major part of their R & D facilities in India. And the reason for that is the acumen of our youth, and, therefore, I feel that the points that Mr. Chavan and others made about moving up to the higher end are completely right. That we can do, we can talk about those possibilities and necessities with great confidence.

Madam, in the telecom sector, it is the same way. I think, we all, sometimes, get distracted because our phone is not working and so on These are genuine complaints. If the shoe pinches on one point, naturally, that is the most important point that one can think of, but the growth should not be underemphasized or overlooked in this regard. Probably, these figures are well known to you -- of the revolution that has occurred in the last 5 or 6 years in telecom -- and this has happened because of many factors. But, one of the factors, certainly, is that policies have been responsive. Mr. Chavan said that each of the policy changes had come to be associated with scandals, but I would, actually, urge that we should look upon these things in a different way, because just as you emphasise,

1.00 P.M.

many Members emphasise that these are areas in which technological change is very rapid. The half life of technology, in these things, of a product, is only 18 months. The life of a new technology is no more than 30 months. If we keep our policies frozen, our licence and conditions frozen, then, naturally, we are not going to be able to take advantage of those changes. But if we always look upon every change in policy with suspicion or we shout about it and associate scandals with it, then, naturally, we discourage those policy makers and officials from coming about with changes, and, we, thereby, harm the growth of this particular sector. But, I entirely agree with Mr. Nilotpal Basu and other Members who made specific suggestions about what the nature of the policy should be in this entire sector. Just as they must be responsive, I entirely, agree with Members that because the technological change is so rapid, it is not a very good idea to have detailed policy regulations in this regard, because it takes a long time. For instance, if you have a statute of say 20 pages, then, naturally, to amend it, it is going to take many years, and, therefore, I would urge that the principle should be formulated in general terms, and, thereby, it accommodates and encourages technological change in this regard.

Then, Madam, it was a very good point that was made by the hon. Members that policies must be technology neutral. Now, on the question whether a particular service should be provided from the V.52 switch or the MSC switch -- these are things which I have mentioned in licensing conditions -- and because of that a new switch has come, litigation starts and allegations come about, so, I would urge that the choice of technology must, in all these regards, as Members have suggested, be left to entrepreneurs and others, and the aim of policy should always be to enable and incentivise the adoption of better technology.

The second point that I would urge is, the general policies and other regimes in this regard must be stable. This is the problem in which we, if I may say, with great respect, sometimes, all of us also get a bit excited because, to get investment, we must give confidence to the investors that the regimen in India, the regimes in India are stable and predictable. But, here itself, I remember that when we were all apprehensive about the TRAI order on tariffs, we ourselves were saying; "But, why don't you amend the TRAI Act? You should be able to give

directions to the Regulator." But, unless we can convince investors and other technologists, for instance, that these are stable regimes in India, we would just be discouraging the further growth of this sector. I entirely agree that the Regulators must be fair and independent. I was, therefore, distressed when one of the Members attributed a motive to an order of TRAI saying that actually TRAI tariff regimens are intended to hurt the BSNL deliberately, and to help private cellular operators deliberately. When we believe such things about Regulators, we undermine their authority and we will, therefore, bring about exactly those circumstances which we wanted to avoid in this regard. We must have sturdy, knowledgeable experts in these bodies, and I can assure the House that in the appointments that have been made to TDSAT, in the appointments that have been made to TRAI, these principles had been paramount in the minds of the Government, as it was, if I may say so, with great respect, in regard of the persons who were chosen for the Disinvestment Commission, in this very situation, and we can look forward to the work that these Regulators will do. There was one very important point that Mr. Nilotpal Basu made, Mr. Virumbi made and, my friend, Mr. Ashwani Kumar also made that this is a sector in telecom in which lobbyists have great influence, or, said to have great influence. We must ensure that we have walls against them. I assure you that no lobbyists will be able to influence policy or decisions in this regard at all, and if that happens, you can, at any time, censure me for that particular dereliction. At the same time, an example was given, Madam, both by Mr. Nilotpal Basu and by Mr. Virumbi in this regard that the way to carry credibility that lobbyists are not being able to influence, the Government must be transparent and open, and not claim privilege in regard to documents. This point was made by both of them. Therefore, I will just take two minutes to explain it. Probably, there is some misapprehension in this regard. Madam, in the present case, I have appealed against the order of the TDSAT who required some eight documents. Now, I will tell you what exactly had happened because the House should not have any apprehension as every Member is important. Why I am saying this is because hon. Members seem to suspect something in this. Madam, the Cellular Operators' Association asked for eight documents and the Government's lawyer went, at my request, and said, "Sir, here are the eight documents; here is the entire file." We are claiming absolutely no privilege from TDSAT, no privilege at all, even though, the Freedom of Information Act says that documents, internal notings, record of processes of Government, shall not be disclosed.

Even though there are decisions of the Supreme Court -- eminent lawyers will know R.K. Jain's case; they will know the 1987 case in the State of Bihar *Vs.* Kripalu Shankar -- in which the Supreme Court has said that files and internal notings are privilege documents and should not be disclosed because this will affect the openness with which Civil Servants must express themselves on file. In spite of that, we said here is every document. Now the TDSAT felt -- then I can read those Supreme Court's judgements that I have them here -- no suggestions of extraneous considerations had been made. Therefore, you should disclose these documents to these parties. Now my position was that actually these are private disputants in a commercial dispute. If the norm for disclosure is that every file must be shown to private parties who are involved in a commercial dispute, it will open the floodgates on administration. Suppose, there is a Defence contract. Somebody loses the contract -- an arms supplier loses the contract -- he says no, no, but the Minister has done something bad; Civil Servant has done something bad. You show me the entire file because in Telecom it was shown. Not only in Defence, it can be in any contract of Government. Or, you take an extreme case and I put these three cases to TDSAT, and we have put them to the Supreme Court. Supposing somebody is accused of murder. He is charged. He says, no, no but it is the particular IG of Police who has a personal animus against me. You show me the file and I will show you the animus. So, it was only on that limited point. We have again, therefore, told the Supreme Court; will be telling them now in the hearing -- it is item 43 in one of the Supreme Court cases today -- that we are claiming no privilege from the Tribunal. All documents are available. The Supreme Court, when it sent back the case on limited mobility to TDSAT, had said, "TDSAT should proceed with the material on record, not taking on board new materials which may be asked from day to day." Even then we were prepared and are prepared today to give everything. If the Supreme Court says no, today, you give it to all these private disputants also, I would be very happy to give them. Actually, there is very little in those eight documents. But we will be prepared to give them in spite of the fact that you in your wisdom in passing the Freedom of Information Act have exempted such documents from disclosure in this regard. Madam, I revert to the question of policy and why these growth sectors have become, as Mr. Ashwini Kumar said, sectors of such litigation, and there the solution was pointed out by Mr. Nilotpal Basu. What is happened is that while technology changes and advances, every operator can provide every service through multiple technologies. Our

licences are technology-specific. This is the problem and that is why litigation calls upon. So, as Mr. Basu suggested, we should all move towards a regime in which there is a universal licence based only upon the spectrum that I use, and after that the person who buys the spectrum, or, is allocated the spectrum should be able to provide any service by any technology of his own choice and compete with others. Even though this prospect is a distant prospect today -- maybe, a few years hence. I had begun work in this regard already with my colleagues with the Wireless Adviser, with the Lieutenant General, Mr. Sehgal, of the Army, who is the Chief Signal personnel in the Army and others of how to move towards this universal licence. For this purpose, I have associated IIT experts, in this regard, where the Wireless Adviser working on this thing. I have also associated CEOs of two of our principal financial institutions, because a transitional regime to that kind of a licence should not get involved in different kinds of litigation that Mr. Ashwini Kumar was pointing out too and for that reason what should be a transitional regime, we have already begun work on this.

Now, the key issue is this, and that is one of the main issues facing the sector. Again, to this, attention was drawn by two Members on this question of the better utilisation of the spectrum. This is the key issue. Of course, the spectrum has been allocated in relation to each of the licensing conditions for each of the cellular, WLL and BSNL operators, and everybody has got the spectrum that they were licensed to get. But, for the further expansion, there is a problem. In the 900 megawatts band, 25+25 megawatts have already been allocated; that is available and that is being utilised. But, in the 1800 band, our difficulty is that only 6+6 is today available, and the reason for this is well-known to General Choudhary, and that is, the Defence sector is actually today saddled with equipment of many vintages, from East Europe, from Russia, from NATO countries, from any other quarter for signalling, and therefore, they are, I won't say squatting on, but they are occupying, that is a good word, a lot of the spectrum. For this reason, I have begun discussions with the Defence wings in this regard, and we are setting up a group in this regard. Three steps are to be taken, and I think, industry and the Members here would be reassured by this. These steps are, first; by coordination and rationalization of existing usage, we hope that from 6+6, we can move to 10+10. That itself will enable better services for almost all operators, including WLL and cellular operators in the coming months. Second is a project that by putting filters on some of the

signalling equipment, we will be able to release another, and move up to about 25+25. The main issue is not today with the Army, but, with the Air Force, and discussions have begun in that, and I hope that by the end of this year, we will see the beginnings in this regard in putting filters which will improve their own signalling receptivity abilities, and at the same time, release spectrum for the industry. The longer-term project is that in 1800 mega hertz band, we should be able to free 75+75 so that we eventually have 100+100 available for telecom services. That will require digitalisation of the signalling equipment within the Defence Forces, on which, I have talked to the Finance Minister also, and he is prepared to set aside monies for this purpose. That will be a major revolution, both in telecom and in Defence signalling. But it will take time because for the very reason that General Chowdhury was mentioning yesterday that even the filters and this kind of equipment should be designed and fabricated in India so that others do not have easy abilities to hurt us.

The third point that agitated very many Members or concerned them was on the question of tariffs of the TRAI order as well as of the bias. In that case, Mr. Virumbhi had said that there is a bias in the TRAI order against BSNL and MTNL and to shift towards the cellular operators and give them some advantages. And the other concern was what Mr. Bagrodia had also expressed in the earlier discussion which we have had that the TRAI order would hurt the common man because of higher rentals and so on and so forth. I will just explain what the facts are. The first point is on discrimination. It is a fact that there were about four or five elements in the TRAI order which would have militated against BSNL. Every order, every rule, will militate against some and benefit others. But in that regard we felt that it was tilting too far on the other side. Therefore, BSNL wrote to TRAI, a detailed exposition, and I can say with confidence that as time proceeds, and elements of that order are reviewed by TRAI, those points will be attended to. I have great confidence in that regard. And second is that where a rule shall apply to BSNL, it shall also apply to other private operators.

For instance, BSNL had said that for their own calls, for calls from within the BSNL network, for calls from one BSNL phone to another BSNL phone, the charge will only be 50 paise per minute. The TRAI had felt that this would be an uncompetitive practice. So, our representation was, if that is uncompetitive for us, then, don't allow any private operator that within his

own network, he can charge only 40 paise, and for calls to other networks, it would be Rs. 1.40. I am sure that that point of parity would be a governing principle.

SHRI NILOTPAL BASU (West Bengal) : Sir, will you please allow me to speak for a moment? The question that I was asking was not one of company-specific tariff. The basic principle on which TRAI is working out the tariff, is a cost-based one. Now, historically....

SHRI ARUN SHOURIE : I am coming to your point about cost-subsidies; that is a very important point. Madam, the other point was that in this TRAI order, there had been four very important things, which we have already achieved, which should reassure hon. Members. The first is, in the original TRAI order, the definition of what is a 'rural subscriber' had been changed. And that would have meant, if we had accepted that order, if the Government had gone along with that, or if they had stuck to the order, then, of the one crore rural subscribers today, 80 lakhs would have become non-rural. So, we represented to them, and they were gracious enough to revise and go back to the earlier definition in that regard. The second was, there was great concern expressed on the increase in monthly rentals. So, what we saw was that in the order this time, TRAI had given its order for ceilings, not for specific rates. So, BSNL and MTNL took great, imaginative steps in that regard, and gave alternative tariff packages to TRAI. In those, monthly rentals have not been increased, either for rural areas or for urban areas. Secondly, the pulse rate, to which Shri Santosh Bagrodia had drawn attention, has not been decreased. Thirdly, the intra-circle STD rates have been decreased in the case of BSNL from Rs. 4.80 per minute to Rs. 2.40 per minute. These are extremely competitive rates. Apprehensions were expressed that BSNL is not being able to compete with private operators. Actually, BSNL is setting the pace, both in tariffs and, now you will see, in cellular operations also. It is a great achievement of BSNL that in the last eight months, they have been able to get 22 lakh cellular subscribers, and has already become the second largest cellular operator in the country -- *Bharati* has 30 lakh subscribers -- and they are confident that in four to five months, they will be able to cross the 30 lakh mark also.

SHRI SANTOSH BAGRODIA (Rajasthan) : Sir, I wish to ask just one thing as a layman. Are the BSNL's standard telephones all over the country the lowest in STD and ISD rates? I have only this one question.

SHRI ARUN SHOURIE : Sir, I would have to check up on this one, because now, there are about 600 tariff packages. So, to give a specific answer to that would mean to look into it, that such and such package has such and such rate; the rates are different. So, please, permit me to just continue with this, because I want to point to the other side of being responsive to your concerns. There was another point, which Shri Nilotpal Basu had so graphically illustrated to us. He said that the way the infrastructure expansion, the way rural telephony, had all been financed, was by cross-subsidisation and charging higher rates on long-distance telephony and international telephony. Now, because of competition, those rates have collapsed. That is also one of the achievements of the country, that in the last one year, long-distance rates have come down to one-third of what they were, and they are falling by the day. But the consequence of that is, as Shri Nilotpal Basu pointed out, now, BSNL and MTNL are under great pressure of where to get the money from for the expansions that all of you want. It takes a lot of money to put proper wires to a village telephone. Everybody wants expansion in the village areas! And I will give you the figure, which probably, we should really, always remember. For the infrastructure expansion, which we all want, which the Planning Commission has approved for the Tenth Plan, BSNL requires, in the remaining four years of the Plan, Rs. 29,000 crores.

The Plan gives VSNL Rs.one crore a year, *i.e.* Rs.four crores. We do not want the rates to increase, but we want the village telephony to increase! There is a balance that all of us have to keep in mind in this regard in the future. And learning from what Mr. Basu was saying, I would urge all Members that in this growth sector, please let us not convert the telecom sector into a power sector of India where by political agitations and other things, by promising free power in different States and by giving free power in different States, we ruin the finances of the sector and, thereby, we are not able to get public investment because of losses of State Electricity Boards, of Rs.27,000 crores, nor are we able to get private investment in that sector; we must keep this in mind. And related to that is the question of rural telephony. You are right, there has been a very great expansion. The figure was given.....

THE DEPUTY CHAIRMAN: There are nine or ten minutes left.

SHRI ARUN SHOURIE: Madam, then I hurry up.

In rural telephony, Madam, there is a need for speeding up. It requires finances. Second, on the private operators not fulfilling their obligations, the great lesson to be learnt is that in the licensing condition, please be firmer because an obligation was put, but the penalty clause was that you would be charged, in effect, Rs.8 crores if you do not fulfil that obligation. They pay Rs.8 crores and do nothing! Now, short of cancelling the licence and, thereby, depriving one crore customers of their services - because all of them are in default and everybody will say that chaos has been created - when the Government lays down a particular condition, it makes it enforceable by imposing such heavy penalties. Then, actually, you can get that thing done. But the solution to rural telephony is to really look for new technologies. And the Members emphasised that in the work of IT also we should not be going for high profile and jazzy projects, but to go for projects which would, actually, benefit the people of India.

Madam, a very good example is the work done in this regard in one of the very many projects which have been financed, and also encouraged, by the Department of Information Technology; that is in Kanpur IIT A technology was developed to use the existing telephony for wireless communication, which was developed for both indoor communication and outdoor communication, and, therein, in a village, from Saroha, by using directional antenna, signals have been extended up to 45 kms., from Kanpur to 45 kms; and from there now to Lucknow, an entire corridor and the technology which was available only for 300 mtrs. for use within a house or its premises has now been expanded to be used for 45 kms., and even beyond that. So, that kind of technological work is already going on, and I am myself attempting that we should all work in this regard for new technologies which will actually get the benefits to the common people.

Madam, I will deal with three points as quickly as possible and, then, take your permission to sit down.

The first point, that is, really, an important point, is a point made by Gen. Chowdhury in regard to, what he called, obverse side of Information Technology. On how this can, in effect, endanger us, he pointed to the Gulf and Iraq Wars in which not just individual weapons but the entire systems, now developed, depend upon communication technology and on IT. An infantry soldier here sees something, communicates that to a satellite; that satellite communicates a signal to Australia which

communicates it to a ship which fires a missile which, then, has, within its own range, photographs and other signals by which it goes and targets a particular point. In this precision bombing, all these communication and IT technologies are involved not just in individual weapons but in the entire command and control system.

We cannot source these things from outside. I will give you a graphic example. One of our intelligence agencies found that an internet service provider in India started offering internet services at Rs. 5 per hour. It is a dramatic case. This intelligence agency got curious. How is this fellow offering at Rs. 5 per hour and why is he offering? They subscribed to it. The CD has to be loaded on to your computer. After decoding the CD, they found that that particular service provider had put in a back window by which not only will your internet traffic be visible to somebody else, but, in fact, that somebody else will have direct access into your computer's memory. This particular service provider was then tracked down. It turned out that this company here in India, was the subsidiary of a company registered in Mauritius. That company was a subsidiary of a company in Hong Kong and that company in Hong Kong was well known to be associated with PLA and Chinese intelligence service.

SHRI SHANKAR ROY CHOWDHURY (West Bengal) : What about the 'murder with a borrowed knife'?

SHRI ARUN SHOURIE: In the classic "The Wiles of war", the fourth axiom is called 'murder with a borrowed knife'. Now, the point that was important in this regard was that if 50,000 people have subscribed to it and two Defence Generals or two Defence Installations have subscribed to it, they would be able to get access into your computing systems as such. Therefore, all hardware and all software for important installations must be sourced from India. We are going to work in this regard. But, there is even more important point to which General Chowdhury drew attention and in the Ministry of Information and Technology, we have begun serious work on this, to which I will come. If we read open source material, I have been working on this for one year, of Chinese military strategists, they are all saying this is the high priority for them, how to get at the acupuncture points of another society. The financial systems ...*(Interruptions)*...

SHRI SHANKAR ROY CHOWDHURY: University of Beijing.

SHRI ARUN SHOURIE: Yes, Military Academy is doing it. There are seven centres in China specialising in this. To get to the financial systems, power grids, communication systems, air traffic control systems, etc., how to disrupt them in one go. Therefore, we must develop these capabilities ourselves and we must also develop shields and firewalls in this regard. Therefore, Madam ...*(Interruptions)*...

SHRI NILOTPAL BASU: The Americans are also having such things.

SHRI ARUN SHOURIE: The Americans are much more advance and the Chinese are always pointing to the American dangers in this regard. For this purpose, the Ministry of Information Technology and the Government in general, I have just informed the House, have set up a Working Group on Cyber Law and Cyber Forensics, a Working Group on Encryption Policy, a Working Group on Critical Infrastructure protection, which you mentioned, a Working Group on Cyber Security Assurance and a Working Group on Cyber Security Education and Awareness. Each of this group consists of people from agencies and the best technologies in India. An Indian Computer Emergency Response Scheme is being set up in two places in India so that when such incidence occurs, there should be specialists who can rush in and deal with these matters. Madam, there are some other important points which were made in regard to the backlash. I will skip the other points and just mention that point to come to the conclusion. Several Members, Mr. Virumbi, Mr. Punj and Mr. Rama Mohan Rao had mentioned about the backlash that has occurred in Bills in New Jersy and four other States in America, in Norway, in Malaysia, in Indoneasia, today we read in Australia also, there is an apprehension that Indians are stealing jobs from those countries. I think there are three or four points would be done in this regard. The first is to remember that we are now a very big presence and as Members here get agitated, if Chinese goods come in and hurt or Malaysian palm oil comes in and we want anti-dumping measures against them. That is exactly what those Members are doing in those legislatures. But, we have thus far been very successful. Not one of the American laws has got passed. We have been interacting with their State Department and with their Executives in the State Governments as well as in the Federal Government.

Secondly, the important point for us is to mobilise those firms which are outsourcing to India because they are the ones which are benefited. That is what China does with firms in western China. Let us take the American firm, GE. The GE has the voice service, the customer answering service, the call centre, in Gurgaon. Now, it is the GE which will lose, if you do not allow them to do it in Gurgaon. So, we have to mobilise the GE for that purpose. They know the legislators and that attempt is becoming very systematic in association with NASSCOM and other organisations. We must remember that when we impose anti-dumping measures or, say, get out of the WTO, others are also going to do the same thing. In the case of the New Jersey Bill, for instance, it is not just outsourcing to India. It is a general question and it is not directed against firms. It is directed against Government procurement. But India is one of the countries which is saying always that Government procurement should not come under GATT for other reasons; we want to protect our public sector units; we want to do other things. So, free trade is a two-edged sword. We cannot be very selective in that regard.

The main points are, first, that we should keep moving to higher end-products in this regard and, second, that we should enlarge the domestic market for IT and telecom so that productions start here. That is how we survived the South-East Asian economic crisis, because we were a continental economy on our own and we were not so dependent on the vagaries of exports. Therefore, if we have a great domestic market for IT and telecom, we would thereby be insulated from some country or the other taking steps against that. But you can be sure that your concerns are the concerns of the Government and we will work in this regard in a big way.

On hardware, Madam, I agree with every Member who said that hardware in information technology and in telecom was a problem. We must do much more. In the last Budget, which was presented, you will find that, actually, seven or eight measures are directed only at this, how to encourage hardware production in India. I am very happy that the Government of Karnataka and the Government of Andhra Pradesh have set up hardware technology parks for this purpose.

The main point in this regard is the point which Mr. Ashwani Kumar has made in regard to scale. You take the case of Nokia phones. Many of them are designed in Bangalore. The software for them is produced in

Bangalore. But they are manufactured in eight other countries, not in India. Why? When the Vice-President of Nokia came to me, I asked him, "Why don't you produce it in India?". Apart from the labour practice, he said, "Sir, it is a question of scale. In India you are selling 7-8 lakh mobile phones in a month. In China, they are selling 19-20 times more than this figure every month. Therefore, we will set up a plant in China, not in India". Their own production is about 150 million phones per year. He said, "If all your consumption is only one million, then I am not really going to be motivated. So, increase your scale". For that to happen, the most important thing is a singular focus on growth. The great legend for me in India is that we get issues into every issue. In Madhya Pradesh, the great issue, today, is whether there is egg in the cake or not, rather than singularly focussing on growth in this regard.

SHRI SANTOSH BAGRODIA: What is this issue of egg in the cake? What is the relationship?

THE DEPUTY CHAIRMAN: He is just giving an example.

SHRI ARUN SHOURIE: The relationship is that every day we are getting sidetracked into one of these issues, whichever those issues might be.

THE DEPUTY CHAIRMAN: He is saying that we get involved more in frivolous issues than in the basic issues. Shall we now conclude?

SHRI ARUN SHOURIE: I will conclude by saying one point. These are areas of great success and achievement for India. But, as every Member has emphasised, we can't rest at all. In the last two years, China, seeing the advantage that English gives to India, has imported 20,000 teachers of English only for its software industry.

THE DEPUTY CHAIRMAN: I think, our telecom is working in this House, in spite of the jammer which has been put.

SHRI NILOTPAL BASU: Sir, before you conclude, please enlighten us on the status of the USO Levy Fund. What is the situation?

SHRI ARUN SHOURIE: Madam, this is a very important point. In the Cellular Operators' charges, in the revenue sharing model, five percent

was set aside for Universal Service Obligation Fund that had to be provided about Rs. 1300 crores, probably Rs. 1,270 crores were collected under this fund last year. In the Budget for the last year, we have been given only Rs. 300 crores. The reason -- as Mr. Nilotpal Basu rightly pointed out; yesterday he was kind enough to point out this when the Finance Minister was sitting earlier also -- was that we had thought, the Finance Ministry had thought that they would include this in the Budget and thereby give the whole package because otherwise actually the service operators can take us to court by saying that you collected this amount but didn't use it for the Universal Service Obligation, return it to us.

Madam, the legal opinion in the end was that now this requires an amendment to the Telegraph Act of 1885 before this money can be transferred from the Consolidated Fund of India to the Universal Service Obligation Fund. I assure you that amendment has been drafted, the Law Ministry has vetted it and we are now just to take it to the Cabinet and either this time or next time, we will bring it to you so that the work can be taken up in this regard fully. But in the Rs. 300 crores that were given, tenders were floated and all of that money has already been disbursed to the operators including BSNL for maintaining the VPTs in those areas in which they are present. But I hope to report even better. In this regard, Madam, before I conclude I want to say, please look upon these three sectors with great confidence. We continue to look forward to your suggestions. Please do not take at their word what these operators might tell you because -- as Mr. Ashwini Kumar mentioned -- these are very high stakes and we should always look upon these with some substitutes, things. We should not attribute motives to the regulators. We should not get alarmed in the coming months by mergers and acquisitions in this sector, which are going to happen because of over enthusiasm and the winners crest in regard to many of these enterprises.

I will explain every change of policy at great length as it happens but please bear with us and encourage us to keep changing policies so that we keep up with technology. Our job is to serve those in industry, who are taking the country forward in these regards. We are not the masters and drivers of this. I assure you that all these three Ministries will do that work of enabling, not just two firms, as Mr. Ashwini Kumar said, but the entire sectors to grow and flourish and to make India the leader, in this regard, all over the world.

Thank you.

THE DEPUTY CHAIRMAN: Thank you very much. The House is adjourned for lunch till 2.30 p.m.

The House then adjourned for lunch at thirty eight minutes past one of the clock

The House re-assembled after lunch at thirty-five minutes past two of the clock, THE VICE-CHAIRMAN (SHRI NILOTPAL BASU) in the Chair.

PRIVATE MEMBERS' BILLS

THE EMPLOYMENT BILL, 2002

THE VICE-CHAIRMAN (Shri Nilotpal Basu): Now, we will take up Private Members' Legislative Business. There are three Bills, namely, The Prevention of Video Piracy of Films Bill, 2002; The Youth (Employment and Other Career Opportunities) Bill, 2002; and, The Removal of Illiteracy and Prohibition of Using Thumb Impression Bill, 2002, in the name of Dr. Dasari Narayana Rao. He is absent.

Now, there are three Bills, namely, the Employment Bill, 2002; the Constitution (Amendment) Bill, 2002 (to amend Article 124); and, the Compulsory Registration of Marriages Bill, 2002, in the name of Dr. T. Subbarami Reddy.

DR. T. SUBBARAMI REDDY (Andhra Pradesh): Sir, I beg to move for leave to introduce a Bill to provide for employment or for means and resources for self-employment to, at least, one adult member of every family and matters connected therewith.

The question was put and the motion was adopted.

DR. T. SUBBARAMI REDDY: Sir, I introduce the Bill.

THE CONSTITUTION (AMENDMENT) BILL, 2002 (TO AMEND ARTICLE 124)

DR. T. SUBBARAMI REDDY (Andhra Pradesh): Sir, I beg to move for leave to introduce a Bill further to amend the Constitution of India.